

1. TRANSMITTAL NUMBER: <u>9</u> <u>5</u> — <u>0</u> <u>3</u> <u>0</u>	2. STATE: , LOUISIANA
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE <del>July 7, 1995</del> July 1, 1995*	

4. PROPOSED EFFECTIVE DATE  
~~July 7, 1995~~ July 1, 1995\*

☐ NEW STATE PLAN      ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN      ☒ AMENDMENT

42 CFR 447.253

a. FFY 1994-95	\$ (24,779,791)	*
b. FFY 1995-96	\$ (99,084,886)	*

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P a g e s x l 0 i x ( k 1 - 2 0 ) x

Same (TN 94-22)  
New

\*\*\*Attachment 4.19-A, Item 1, page 10f  
pages 10g-10i(  
page 10i(6)  
page 10i(7)

TN-94-22  
5) TN-94-07  
TN-95-29  
TN 94-22

10. **SUBJECT OF AMENDMENT:** The purpose is to establish new Disproportionate Share Hospital reimbursement methodology for state hospitals' Medicaid days pool beginning with dates of services July 1, 1995.

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT  
☒ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

*Fw* Rose V. Forrest

14. TITLE:

Secretary

15. DATE SUBMITTED:

September 27, 1995

16. RETURN TO:

Department of Health and Hospitals  
Bureau of Health Services Financing  
P.O. Box 91030  
Baton Rouge, LA 70821-9030

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: October 3, 1995

**18. DATE APPROVED:**

April 11, 2001

PLAN APPROVED - ONE COPY ATTACHED

**19. EFFECTIVE DATE OF APPROVED MATERIAL:**

July 01, 1995

21. TYPED NAME:

Schaeffer &amp; McAdams

Calvin G. Cline

20. SIGNATURE OF REGIONAL OFFICIAL:

22. TITLE: Associate Regional Administrator  
Division of Medicaid

23. REMARKS:

\* Cross reference with 95\_029

Fiscal impact is a combined total for these two amendments.

\*\* Pen and Ink Chnage to the HCFA-179, changing the effective date to July 1, 1995 Per State's Letter dated October 12, 1995.

\*\*\*Pen and Ink Change Per State's Letter of January 26, 2001

STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

CITATION  
42 CFR  
447.253  
OBRA-90  
P.L.  
101-508  
Sections  
4702-4703  
P.L.  
102-234 and  
OBRA 1993  
Section 13621

Medical and Remedial  
Care and Services  
Item 1 (Cont.)

3.

Disproportionate Share Payment Adjustments for Private Hospitals and Public Non-state Hospitals (public local government and private acute hospitals, public local government and private long-term care hospitals and public local government and private distinct part psychiatric units/freestanding psychiatric hospitals) - Dates of Service July 1, 1995 and After -

a.

Qualification and payment adjustment for disproportionate share shall be based on the hospital's year-end cost report for the year ended during the period July 1 through June 30 of the previous year.

EXAMPLE: A hospital has a fiscal year ending September 30, 1995 cost report; and disproportionate share payment made after October 1, 1995, would be based on the September 30, 1994 cost report. Effective October 1, 1996, payment would be made on the hospital's September 30, 1995 cost report.

A	
STATE <i>Louisiana</i>	
DATE REC'D <i>26 Jan 01</i>	
DATE APP'D <i>11 Apr 01</i>	
DATE EFF <i>1 Jul 95</i>	
HCFA 179 <i>95-30</i>	

Hospitals which have not filed a cost report by the timely filing deadline of November 30, 1995, or by November 30th of any year thereafter, will not participate in the disproportionate share payment pools from October 1st of that year through September 30th of the following year. Hospitals which meet the qualification criteria outlined in Item 1.D.1. a-e based on the hospital's year-end cost report for the year ended during the period July 1 through June 30 of the previous year shall be included based on qualification in the following eight (8) pools for calculation of disproportionate share payments.

TN# 95-30 Approval Date 11 April, 2001 Effective Date 1 July, 1995  
Supersedes  
TN# 94-22

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CITATION Medical and Remedial  
42 CFR Care and Services  
447.253 Item 1 (Cont.)  
OBRA-90  
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101-508  
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- b. For hospitals with distinct part psychiatric units, qualification is based on the entire hospital's utilization, but for purposes of disproportionate share hospital payment (DSH) adjustments, the distinct part psychiatric units shall be placed in the psychiatric pools while the acute medical/surgical shall be included in the appropriate teaching or non-teaching pool. Hospitals must meet the criteria for the pool classification based on the hospital's year-end cost report for the year ended during the period July 1 through June 30 of the previous year.
- c. Each private or public non-state hospital qualifying for participation in the eight disproportionate share pools with payments based on Medicaid days will receive payments which are the lesser of 100% of its uncompensated costs [as defined in D.4.c.(2)] of providing services to Medicaid recipients and uninsured patients or their disproportionate share payment calculated by the Bureau via the pool methodology.
- d. For purposes of the pools defined below, service district hospitals/beds located outside the service district will be classified by the Bureau as privately owned and operated and shall be placed in the appropriate private hospital/unit pools.

STATE <u>Louisiana</u>	A
DATE REC'D <u>26 Jan 01</u>	
DATE APP'D <u>11 Apr 01</u>	
DATE EFF <u>1 Jul 95</u>	
HCFA 179 <u>95-30</u>	

TN# 95-30 Approval Date 11 April 2001 Effective Date 1 July 1995  
Supersedes  
TN# 94-07

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PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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CITATION      Medical and Remedial  
42 CFR          Care and Services  
447.253        Item 1 (Cont.)  
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e.      These eight (8) pools are as follows:

- (1)      Public Local Government Acute Hospitals - Local government-owned acute care general hospitals and long term care hospitals (exclusive of distinct part psychiatric units). Only days attributable to beds/units located within the service district area qualify for inclusion in this pool.
- (2)      Public Local Government Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - Local government-owned distinct part psychiatric units/freestanding psychiatric hospitals. Only days attributable to beds/units located within the service district area qualify for inclusion in this pool.
- (3)      Private Rural Acute Hospitals - Privately- owned acute care general hospitals and long term care hospitals (exclusive of distinct part psychiatric units) which are designated as a rural hospital under criteria specified in subsection f. below. This includes public local government acute hospital days attributable to beds/units located in an area which is designated as rural and is located outside the service district area.

STATE <u>Louisiana</u>	A
DATE REC'D. <u>26 Jan 01</u>	
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HCFA 179 <u>95-30</u>	

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METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

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- (4) Private Rural Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - Privately-owned distinct part psychiatric units/freestanding psychiatric hospitals which are located in a rural area under criteria specified in subsection f. below. This includes public local government psychiatric hospital days attributable to beds/units located in an area which is designated as rural and is located outside the service district area.
- (5) Private Teaching Hospitals - Privately-owned acute care general hospitals and long term care hospitals (exclusive of distinct part psychiatric units) which are recognized as approved teaching hospitals under criteria specified in subsection f. below.
- (6) Private Urban Non-Teaching Hospitals - privately-owned acute care general hospitals and long term care hospitals (exclusive of distinct part psychiatric units) which are designated as urban hospitals and not recognized as approved teaching hospitals under criteria specified in subsection f. below. This includes public local government acute hospital days attributable to beds/units located in an area which is designated as urban and is located outside the service district area.

A	
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HCFA 179 <i>95-30</i>	

TN# 95-30 Approval Date 11 Apr 2001 Effective Date 1 Jul 1995  
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STATE OF LOUISIANA

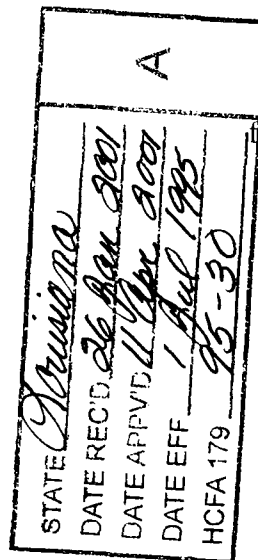
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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- (7) Private Teaching Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - Privately-owned distinct part psychiatric units/freestanding psychiatric hospitals which meet the criteria for recognition as approved teaching hospitals under criteria specified in subsection f. below.
- (8) Private Urban Non-Teaching Distinct Part Psychiatric Units/Freestanding Psychiatric Hospitals - Privately-owned distinct part psychiatric units/freestanding psychiatric hospitals which are located in an urban area and do not meet the criteria for recognition as approved teaching hospitals, under criteria specified in subsection f. below. This includes public local government psychiatric hospital days attributable to beds/units located in an area which is designated as urban and is located outside the service district area.



Definitions for hospital classifications applicable to the above Medicaid days pools are as follows:

- (1) Teaching Hospital - a licensed acute care hospital in compliance with the Medicare regulations regarding such facilities, or a specialty hospital with a graduate medical education program that is excluded from the prospective payment system as defined by Medicare.

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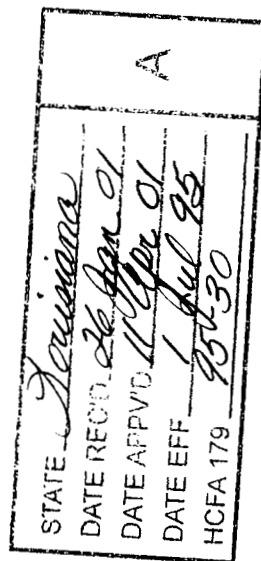
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A teaching hospital must have a written affiliation agreement with an accredited medical school to provide post graduate medical resident training in the hospital for the specialty services provided in the specialty hospital. The affiliation agreement must contain an outline of its program in regard to staffing, residents at the facility, etc. A distinct part or carve-out unit of a hospital shall not be considered a teaching hospital separate from the hospital as a whole. Teaching hospitals that are not recognized by Medicare as an approved teaching hospital must furnish copies of graduate medical education program assignment schedules and rotation schedules to the Department and shall only be included in the teaching hospital pool for those days that graduate medical education is being provided.



- (2) Non-teaching Hospital - an acute care general hospital (exclusive of distinct part psychiatric units) not recognized as an approved teaching hospital by the Department or under Medicare principles.
- (3) Urban Hospital - a hospital located in a Metropolitan Statistical Area as defined per the 1990 census. This excludes any reclassification under Medicare.

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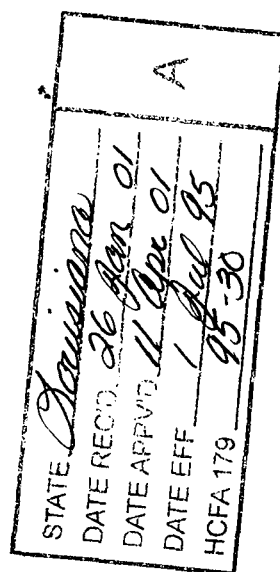
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- (4) Rural Hospital - a hospital that is not located in a Metropolitan Statistical Area as defined per the 1990 census. This excludes any reclassification for Medicare.
- (5) Distinct Part Psychiatric Units/Freestanding Psychiatric Hospital - distinct part psychiatric units of acute care general hospitals which meet Medicare criteria for PPS exempt units and are enrolled under a separate Medicaid provider number, and freestanding psychiatric hospitals enrolled as such. This also includes distinct part psychiatric units of long term care hospitals or rehabilitation hospitals.

- g. Disproportionate share payments for each pool shall be calculated based on the product of the ratio determined by dividing each qualifying hospital's total Medicaid inpatient days for the applicable cost report by the total Medicaid inpatient days provided by all such hospitals in the state qualifying as disproportionate share hospitals in their respective pools, and then multiplying by an amount of funds for each respective pool to be determined by the Director of the Bureau of Health Services Financing. Total Medicaid inpatient days include Medicaid nursery days but do not include SNF or swing-bed days. Pool amounts shall be allocated based on consideration of the volume of days in each pool or the average cost per day for hospitals in each pool.



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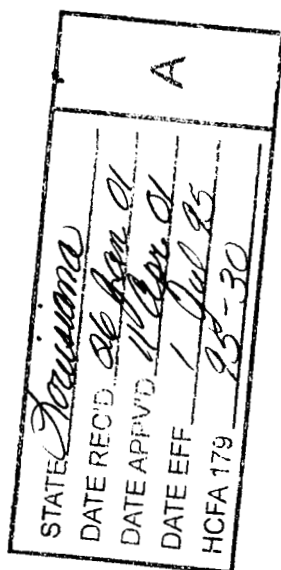
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Disproportionate share payments cumulative for all DSH payments under the pools or any other DSH payment methodology shall not exceed the federal disproportionate share state allotment for each federal fiscal year and the state appropriation for disproportionate share payments for each state fiscal year. A pro rata decrease for non-state hospitals will be calculated based on the ratio determined by dividing the hospital's Medicaid inpatient days by the days for all qualifying non-state hospitals and then multiplying by the amount of disproportionate share payments calculated in excess of the state disproportionate share appropriated amount.

Partial payments based on the above Medicaid pools will be made according to the following chart:

EXAMPLE:



Cost Reports Period Ended As of:	Date Payment Amounts Determined	Payment Period
June 30, 1995	May 1996	10/1/95 - 9/30/96
June 30, 1996	May 1997	10/1/96 - 9/30/97

If at audit or final settlement of the cost reports on which the pools are based, the above qualifying criteria are not met, or the number of Medicaid inpatient days are reduced from those originally reported, appropriate action shall be taken to recover any overpayments resulting from use of the erroneous data. No additional payments shall be made if an increase in days is determined after audit.

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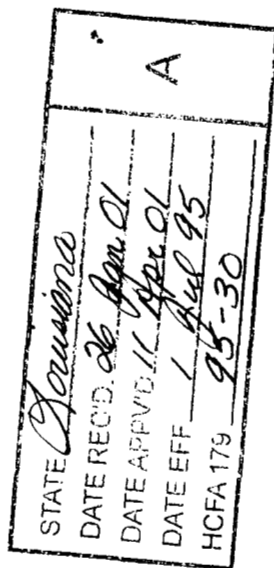
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Item 1 (Cont.)

Recoupments of overpayments from reductions in pool days originally reported shall be redistributed to the hospital that has the largest number of inpatient days attributable to individuals entitled to benefits under the State Plan of any hospital in the state for the year in which the recoupment is applicable. To determine the hospital that has the largest number of Medicaid inpatient days, the fiscal year-end cost report that established the DSH payment for the year in which the recoupment is applicable will be used. The redistribution shall occur after audit and/or desk review of reported days. For purposes of the DSH allotment, the redistributed amounts shall apply to the original payment year in which the recoupment pertains.

Hospitals/units which close or withdraw from the Medicaid Program shall become ineligible for further DSH pool payments.

4. Disproportionate Share Payment Adjustments for State Hospitals - Effective July 1, 1995

- a. DSH payments to individual state-owned or operated hospitals as defined below will be equal to one hundred (100%) per cent of the hospital's uncompensated costs as defined below subject to the adjustment provision of 1.D.4.e. below.
- b. The Department of Health and Hospitals, Bureau of Health Services Financing, will issue instructions to affected providers with regard to procedures for payments made under this portion of the State Plan.



TN# 95-30 Approval Date 11 April 2001 Effective Date 1 July 1995  
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TN# 94-07

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PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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CITATION

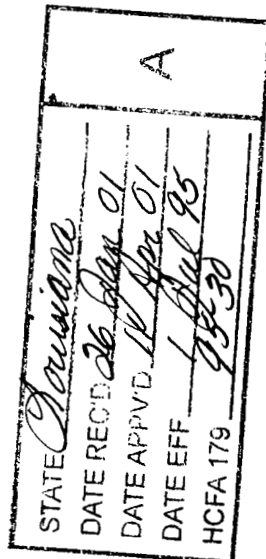
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c. Definitions:

- (1) State Hospital - a hospital that is owned or operated by a State.
- (2) Uncompensated Cost (i.e. Basic Limit) - Uncompensated cost is the cost of furnishing inpatient and outpatient hospital services net of Medicare costs, Medicaid payments (excluding disproportionate share payments), costs associated with patients who have insurance for services provided, private payor payments, and all other inpatient and outpatient payments received from patients. For example: The hospital's actual cost for delivering a baby for a specific patient stay is \$3000. The patient's insurance covers the service, but only pays \$1000. For this particular patient, the entire \$3000 must be included in the costs associated with patients who have insurance for services provided.

- d. Partial interim payments based on data from the latest filed cost reports as of June 30th of each year for state DSH hospitals utilizing the payment methodology contained herein (Item 1.D.4) will be made according to the following chart:



Cost Reports Rec'd as of	Date Payment Amounts	
	<u>Determined</u>	<u>Payment Period</u>
June 30, 1994	October 1994	10/1/94 - 9/30/95
June 30, 1995	October 1995	10/1/95 - 9/30/96

TN# 95-30 Approval Date 11 April 2001 Effective Date 1 July 1995  
Supersedes  
TN# 95-29

STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

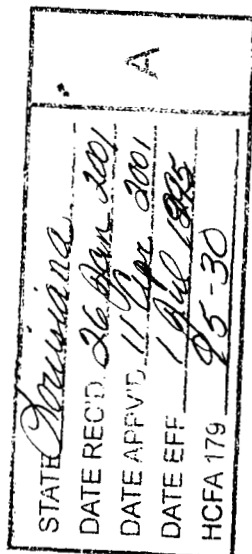
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Item 1 (Cont.)

Final payment will be based on uncompensated cost data per the audited cost report for the period(s) covering the State Fiscal Year (SFY).

- e. Disproportionate share payments cumulative for all DSH payments under all DSH payment methodologies shall not exceed the Federal disproportionate share 'State allotment for each Federal fiscal year. The Department shall make necessary downward adjustments to hospitals' DSH payments to remain within the Federal DSH allotment. In the event it is necessary to reduce the amount of disproportionate share payments to remain within the Federal DSH allotment each year, the Department shall calculate a pro rata decrease for each state hospital based on the ratio determined by dividing that hospital's uncompensated cost by the total uncompensated cost for all qualifying state hospitals during the State fiscal year, and then multiplying by the amount of disproportionate share payments calculated in excess of the state disproportionate share appropriated amount.
- f. If at audit or final settlement the qualifying criteria for disproportionate share adjustment payments are not met or the actual uncompensated costs are determined to be less than the estimated uncompensated costs, appropriate action shall be taken to recover such overpayment.
- g. Hospitals/Units which close or withdraw from the Medicaid program shall become ineligible for further DSH payments.



TN# 95-30 Approval Date 11 April 2001 Effective Date 1 July 1995  
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TN# 94-32